
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes May 20, 2004

The monthly meeting of the School Property Tax Control Board was held on May 20, 2004. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Present for the meeting was Patty Bond, Carlyn Johnson, Chuck Nemeth, Ken Barnes, Dave Bowen, Joe Bronnert, Melissa Henson and Teresa Hemmerle, Administrative Officer.

Minutes and Discussion: April 15, 2004 meeting minutes.

Center Grove Community School Corporation, Johnson County: Officials requested approval of a lease rental agreement with maximum annual payments of \$2,764,000 for a term of 25 years. Total project costs are \$31,000,000. The tax rate impact of the project is \$0.11 with a new facility rate impact of \$0.025 expected. Common construction wage information was in order. There was no application for a petition and remonstrance process.

Present for the hearing was Candace Milhon-Baer, Superintendent; Jerry Dunn, Assistant Superintendent of Operations; Jud Wolfe, Assistant Superintendent of Finance; Don Pennington, Architect; Lonnie Therber, Therber & Brock and Jeff Qualkinbush, Barnes & Thornburg.

Project: There are four components to this project:

1. Construction of a new elementary school;
2. Renovation of the HVAC system at Center Grove High School;
3. Construction of a new transportation/maintenance facility; and
4. Construction of a new outdoor athletic locker room building.

The new elementary school will have 109,000 square feet of space and a capacity of 700 students in grades K-5. This school is needed because of increased enrollments, which are expected to continue. Total cost is \$18,668,000.

Renovation of the HVAC system at the High School is needed just because of the age of the system, which required updating. Total cost is \$4,272,520.

The new transportation/maintenance building is needed to expand the Corporation's facilities in this area and the new locker room building is needed because of increased enrollments and expanded athletic programs. Total cost is \$1,785,535 for the transportation building and \$1,727,195 for the outdoor locker room building.

Comments: The Superintendent spoke about the project. There are four pieces to the proposed project. A new elementary school will be constructed due to the population growth the school corporation is experiencing. Officials anticipate 100 new students per year and that seven elementary schools will meet their needs. The HVAC will also be updated at the high school. The transportation facility will also be upgraded. The final piece of the project is the construction of outdoor restroom facilities at the high school to limit access to the school building during outdoor athletic events. The 1028 hearing was held in February 2004 and taxpayers expressed no opposition. There were no petitions filed with the County Auditor opposing the project. The tax rate impact of this project is estimated to be \$0.11, but this could be offset by the assessed value growth and structure of the current debt payments.

Ms. Johnson asked what the school board vote was at the lease hearing. Mr. Therber replied 5-0.

Mr. Barnes asked if the HVAC being replaced was 20 years old. The Superintendent said it is over 20 years old. Mr. Barnes asked if it would be replaced with something that has a longer life. The Assistant Superintendent said the current system is a geothermal with an expected life of 15 to 18 years. Mr. Barnes felt the interest during construction of 33 months seemed long. He asked if lease payments could be made during construction. Mr. Therber replied that is a possibility.

Mr. Nemeth asked if the construction manager would be an employee of the school corporation. The Assistant Superintendent said they have an extended services agreement with the architect for the elementary school project. The remaining projects would be handled internally.

Mr. Barnes expressed his concern of the financing of this project. Mr. Qualkinbush stated since the 2004 figures were not available, the schedule was based on estimates. Now that 2004 is finalized, they will appear at the June school board meeting with more definite figures. He said the public was informed of the possibility of using \$5 million of the bond issue for capitalized interest. Mr. Qualkinbush also noted that bond interest rates have risen 1.5% since February 2004.

Mr. Nemeth asked about interest rates. Mr. Qualkinbush said they are currently just under 5.5%, but are going up. They assumed that at the 1028 hearing and they are close to that currently.

Ms. Henson asked where the new elementary school would be located. The Superintendent said in the southeast portion of the district. Ms. Henson asked if the corporation owned the land and the Superintendent replied yes. Ms. Henson asked if a current elementary would be closed and the Superintendent said no. Ms. Henson asked if they had a transportation facility currently and the Superintendent said yes. Ms. Henson asked if this transportation facility was in addition to the current facility or would replace it. The Superintendent said it would replace the current facility. Ms. Henson asked who would oversee the construction. The Superintendent said the Assistant Superintendent would oversee the construction.

Mr. Nemeth asked if the football field would have a roof installed over it due to taxpayer inquiry. School officials replied no.

Mr. Bronnert asked how long it would be before another new elementary would be needed. The Superintendent said they might need another the next 3 to 5 years. They are seeing most growth in the southern part of the district due to new subdivisions. Mr. Bronnert asked if other schools are close to capacity. The Superintendent said the 6th grade was moved to the new middle school last fall so that has helped.

Motion: Mr. Nemeth made a motion to approve a lease rental agreement with maximum annual payments of \$2,764,000 for a term of 25 years and a total project cost of \$33 million. Ms. Johnson seconded the motion, which favorably carried 6-1. Mr. Barnes cast the dissenting vote.

Shelby Eastern Schools, Shelby County: Officials requested approval of a school pension bond issue in the amount of \$3,300,000. The tax rate impact of the bond issue is \$0.0652. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the debt. The bond issue will eliminate the unfunded liability.

Present for the hearing was John Jameson, Superintendent; Jerry Lux, School Attorney; Tom Grabill, Nate Day and Doug Cassman, Educational Services and Thomas Peterson, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting \$3.3 million to buyout the unfunded liability. They feel this is a win/win situation for the teachers as well as the school corporation.

Ms. Johnson questioned the bond request of \$3.3 million covering a liability with a present value of \$4.5 million. Mr. Grabill replied the present value is based on a return of 2.5%. When the bond proceeds are placed in individual accounts, the teachers can earn a higher rate on their investment vehicle.

Motion: Ms. Henson made a motion to approve a pension bond issue in the amount of \$3,330,000. Mr. Bronnert seconded the motion, which favorably carried 7-0.

Randolph Southern School Corporation, Randolph County: Officials requested approval of a school pension bond issue in the amount of \$700,000. The tax rate impact of the bond issue is \$0.0578. The term of the bond is 10 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the debt. The issue eliminates the school's unfunded liability.

Present for the hearing was Phil Dubbs, Superintendent; Sid Baker, City Securities and Thomas Peterson, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting a pension bond issue in the amount of \$700,000. Officials began this process three years ago and have eliminated 40% of the liability by moving to a 401(a) plan.

Ms. Bond asked if there was a final agreement with the teachers. The Superintendent said the numbers would be finalized on June 30, 2004.

Mr. Nemeth asked for an analysis on the discount rate. The Superintendent said they felt the liability could have been several thousand dollars higher if non-vested employees continued to accumulate sick leave.

Motion: Ms. Henson made a motion to approve a pension bond issue in the amount of \$709,004. Mr. Bronnert seconded the motion, which favorably carried 7-0.

Clark-Pleasant Community School Corporation, Johnson County: Officials requested approval of a general obligation bond issue in the amount of \$1,950,000; a lease rental agreement with maximum annual payments of \$990,000 for a term of 15 years; and a lease rental agreement with maximum annual payments of \$925,000 for a term of 20 years. Total project costs are \$16,950,000. The tax rate impact of the project is \$0.035 with a new facility appeal impact of \$0.0075 expected. Common construction wage information was in order. There was no application for a petition and remonstrance process.

Present for the hearing was J.T. Coopman, Superintendent; Steve Sonntag, Business Manager; Steve Meno, Fifth Third; Nate Day and Tom Grabill, Educational Services and Jane Herndon, Ice Miller.

Project: Four projects are being proposed along with land acquisition for future growth. The projects are:

- Complete a minor renovation and add four classrooms to Break-O-Day Elementary School, which will bring the student capacity to 650. Total cost is \$1,341,881.
- Complete a renovation and add six classrooms to Clark Elementary School, which will bring the student capacity to 650. Total cost is \$2,478,180.
- Construct a new Transportation/Maintenance Center centralizing support services for buses, facilities, grounds and warehousing into a common facility. Total cost is \$5,105,260.
- Renovate and add to the existing Central Administration Building to create a community and administrative center that addresses current Americans with Disabilities Act (ADA) and space needs. Total cost is \$2,532,500.
- Future school site land at a total cost is \$4,000,000.

Comments: The Superintendent spoke about the project. They are located in Johnson County and are the fifth fastest growing district in the state. Officials review facility needs each year due to the current and potential growth in the area. The plan was updated at a school board retreat and shared with the community upon completion. Community forums were held in November and December 2003 to discuss the project as well as the December school board meeting. There were no negative comments at the 1028 hearing held in February 2004 and no petitions filed. A demographic study is done every two years due to the growth in the area and shows 150 to 200 new students per year. Sewer and water lines have been extended and opens up another 700 acres for development. The community expects high quality in the school facilities. School officials have always been tax rate conscious and maximize the use of facilities. The project includes renovating and old elementary school into an early childhood/K-1 facility. They renovate current facilities when feasible and use portable classrooms when necessary. They have redirected students to elementary schools with lower enrollments. A new intermediate school is

set to open this fall. Officials have been purchasing larger school buses to transport students, which require more space. This project includes building a new transportation center to accommodate these buses. Officials are currently in negotiations to purchase the land for this facility. The project at the administration center will make the building ADA compliant. Officials will also purchase land in the center of the area of growth for a future building project.

Mr. Grabill continued the discussion about the proposed project and submitted a graph to control board members. He said school officials established several financial goals. They used the 2004 debt rate as a starting point and want to keep that rate as their maximum debt rate. They also looked at how they will staff a new facility financially. Officials reviewed existing debt payments and also looked at assessed value growth. Mr. Grabill also reviewed a chart that shows the district can maintain the current debt rate even with these projects.

Mr. Nemeth asked who would act as the clerk of the works. The Superintendent said it would be a school employee who is a certified engineer. He was hired as a full-time employee due to the growth of the area and the building projects needed.

Ms. Johnson questioned investing \$2.5 million on a facility that was built in 1911. The Superintendent said it would not be a popular decision to replace it. Ms. Johnson asked about the status of the proposed land purchase. The Superintendent said parcels have been identified and they have one purchase agreement and an offer on another property. Officials have not closed on any parcels at this time.

Mr. Bronnert questioned whether Clark Elementary School is a K-4 facility or a K-5 facility. The Superintendent explained the 5th grade would be moved to the intermediate school in 2005, so it will become a K-4 facility.

Ms. Henson asked if all the projects were advertised together. Ms. Herndon said they were for the 1028 advertisement, but presented at the hearing separately. Ms. Henson asked if they were all subject to the petition and remonstrance process including the \$1.5 million bond issue and Ms. Herndon replied yes.

Mr. Nemeth asked if the taxpayers are still active in their school district. The Superintendent said they met with the group of taxpayers to explain the project and though they were not happy about the tax impact, they understood the need.

Motion: Mr. Barnes made a motion to approve a general obligation bond issue in the amount of \$1,950,000. Mr. Nemeth seconded the motion, which favorably carried 7-0.

Mr. Barnes made a motion to approve the Series 1 lease rental with maximum annual payments of \$990,000 for 15 years. Mr. Nemeth seconded the motion, which favorably carried 7-0.

Mr. Barnes made a motion to approve the Series 2 lease rental with maximum annual payments of \$925,000 for 20 years. Ms. Johnson seconded the motion, which favorably carried 7-0.

Delaware Community School Corporation, Delaware County: Officials requested approval of a pension bond issue in the amount of \$5,100,000. The tax rate impact of the bond issue is \$0.0827. The term of the bond is 20.25 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the debt.

Present for the hearing was Steve Gookins, Superintendent; Steve Hall and Patrick Mapes, Assistant Superintendents; Steve Murphy, Attorney; Colette Irwin-Knott, HJ Umbaugh and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. The proposed bond issue of \$5.1 million will resolve the unfunded liability. Any teachers retiring after January 1, 2004 are covered under the new plan. Those individuals that retired before January 1, 2004 are paid out of the General fund and they are able to fund these payments.

Mr. Nemeth requested an explanation of the 5% discount rate. The Superintendent replied this was the rate recommended by the actuary as a result of the study. Ms. Herndon said the teachers understand and accept the risk.

Mr. Bronnert asked if they are a growing school corporation. The Superintendent said no, the enrollment has declined the last four or five years. Mr. Bronnert asked if teachers are encouraged to retire. The Superintendent said no, but it has been steady over the years.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$5.1 million. Mr. Bowen seconded the motion, which favorably carried 7-0.

Penn-Harris-Madison School Corporation, St. Joseph County: Officials requested approval of a general obligation bond issue in the amount of \$1,860,000. Total project costs are \$1,860,000. The tax rate impact of the project is \$0.0714. The term of the bond issue is 1 year. Common construction wage information was in order. The issue fell below the threshold for a petition and remonstrance process.

Present for the hearing was Denise Seger, Associate Superintendent; Tom Hartman and Ruth Ann McCormack, School Officials; Ralph Gerhart, Municipal Finance and Jane Herndon, Ice Miller.

Project: The project involves several facilities and includes carpet and flooring improvements, roof improvements, computer hardware and software and other equipment.

Bittersweet elementary school	\$150,000
Elm Road Elementary School	\$405,000
Madison Elementary School	\$103,000
Mary Frank Elementary School	\$205,000
Walt Disney Elementary School	\$ 75,000
Grissom	\$ 5,000
Shmucker	\$ 60,000
Penn High School	\$450,000

ESC	\$ 6,000
All School Repairs	\$ 30,000
IT	\$347,500
Professional Fees	\$ 23,500

Comments: The Associate Superintendent spoke about the project. Officials are requesting a general obligation bond issue in the amount of \$1,860,000. The project includes items to improve several facilities. There will also be updates made in the area of technology. The tax rate impact of the projects is a maximum of \$0.07 and officials are still waiting for their 2004 budget information. The community is supportive of the general obligation bond for these projects. The school district has experienced some growth and officials are currently working on a redistricting plan. Officials are looking at possible facility needs currently. The Capital Projects fund could not handle these projects.

Mr. Barnes asked if school officials were aware of the new law allowing units of government to borrow under \$2 million from a financial institution instead of selling bonds. The Associate Superintendent replied they were aware of this law.

Mr. Bowen asked why officials were not using the Capital Projects fund for these projects instead. The Associate Superintendent said they were currently at their maximum rate cap in this fund and these projects need to be done soon.

Motion: Mr. Nemeth made a motion to approve a general obligation bond issue in the amount of \$1,860,000. Mr. Barnes seconded the motion, which favorably carried 7-0.

Kankakee Valley School Corporation, Jasper County: Officials requested approval of a pension bond issue in the amount of \$6,500,000. The tax rate impact of the bond issue is approximately \$0.08. The term of the bond is 10 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the debt.

Present for the hearing was Laura Borlini, Superintendent; Bill Orsburn, Director of Business; Edward Dumas, School Attorney and Jane Herndon, Ice Miller.

Comments: The Business Manager spoke about the proposed pension bond issue. An actuarial study was completed by Educational Services in January 2003. The study showed the present value of the unfunded liability to be \$12.6 million. During the fall of 2003, Educational Services presented three seminars to the school board and the teachers' association. The school board and teachers' association reached an agreement to place \$6.5 million into individual retirement accounts and VEBA accounts. The projected repayment of the pension bond is \$150,000 per year. School officials plan to reduce the Capital Projects fund in 2005 to offset the debt. It is anticipated bonds will be issued in July and those funds placed into individual retirement accounts in September.

Mr. Nemeth asked if the buyout includes the fund 63 balance. The Business Manager said they would put some funds in fund 62 and 63. Mr. Nemeth replied that fund 63 is not the unfunded

liability as of June 30, 2001. Ms. Herndon said the funds would be placed in fund 62, so they are not using the bond proceeds for changes after June 30, 2001.

Motion: Ms. Johnson made a motion to approve a pension bond issue in the amount of \$6.5 million. Ms. Henson seconded the motion, which favorably carried 7-0.

Central Noble Community School Corporation, Noble County: Officials requested approval of a lease rental agreement with maximum annual payments of \$1,050,000 for a term of 12 years. Total project costs are \$1,735,000. The tax rate impact of the project is \$0.0073 with no new facility appeal planned. Common construction wage information was in order. The issue fell below the threshold for a petition and remonstrance process.

Present for the hearing was Stan Jacob, Business Manager; Steve Hager, School Attorney; Kari Vilamaa, Architect; Curt Pletcher, HJ Umbaugh and Jane Herndon, Ice Miller.

Project: The Central Noble Community School Corporation proposes to improve facilities in several areas that have been noted to be lacking or are unsafe by current standards.

The P.E. Annex building was constructed in 1971 at the same time Central Noble High School was constructed. The 32' X 106' building has been used for a weight training room for P.E. classes and all sports, as well as a locker room for football in the fall and track in the spring. The building is in good condition and has had a new roof and a new HVAC system installed within the last 5 years. The proposed plan calls for the removal of inside walls and shower rooms to open the space for a fitness room for use not only as a weight room, but also to include fitness equipment for use by P.E. classes, weight training in an open, safe environment and possibly opened for use by interested members of the community as a fitness center.

The major portion of construction in this proposed project is a facility to house the areas that have been previously crammed into the P.E. Annex. This addition will attach the current gymnasium (used by both the high school and middle school) and the aforementioned P.E. Annex building. This new construction will add two large, modern locker rooms that are accessible from inside for use by any classes or sports in the gymnasium or from the outside for use by track or football or physical education classes using the track or weight room. Restrooms will be included in this new construction and will be accessible from the outside for sporting events or from the inside for any activity being held in the gymnasium. There will also be space for storage and a training room for attention to injuries. This addition is approximately 7,029 square feet.

A third component of the project is a new lighting system for the football field. This system was installed in 1974 and the wooden poles are becoming unsafe to climb. New lighting technology will make the lighting much more efficient to operate also, but the major concern is safety of the poles.

Baseball and softball facilities for our high school currently have no restrooms or concession areas. The project calls for the construction of two-story storage/concession/restroom buildings for baseball and softball. Each of these structures will be approximately 648 square feet.

A 20' X 175' street extension is needed to improve the traffic flow and safety of students walking and being dropped off by parents at our Albion Campus bus stop location. The additional street will enable a cross walk to be established away from the bus parking location and will clean up traffic flow by allowing auto traffic to enter and exit in an unobstructed manner.

Finally, two parking areas that are used daily by the school for staff and visitor parking are currently stone lots. Paving these lots would improve the campus in many ways.

Comments: The Superintendent spoke about the project. Planning for this project began in 1999. School officials presented a \$5 million project that was defeated in the petition and remonstrance process. Officials revised the project to eliminate the controversial piece, which was an auxiliary gymnasium. This project meets the Title IX requirements. There have been no negative comments by the community on this project. This project includes renovating the physical education annex rather than building a new facility. There are also infrastructure improvements included in this project.

Mr. Bowen asked if there was an alternate bid on the lighting system. The Superintendent responded they are going to install an alternate system that is less expensive than the more popular option. Mr. Bowen asked if bids came in lower, would they install the more expensive lighting. The Superintendent felt the school board would stick with the less expensive lighting system.

Ms. Johnson asked about the outstanding general obligation bond of \$700,000. Mr. Pletcher said that amount includes pension bonds. He said that is the balance outstanding when repayment of this issue begins.

Mr. Bronnert asked why a lease instead of a general obligation bond for this project. Mr. Pletcher said they exhausted their bonding capacity with the pension bond due to their current assessed value.

Motion: Ms. Johnson made a motion to approve a lease rental agreement with maximum annual payments of \$1,050,000 for 12 years. Mr. Nemeth seconded the motion, which favorably carried 7-0.

MSD of North Posey County: Officials requested approval of a pension bond issue in the amount of \$3,650,000. The tax rate impact of the bond issue is \$0.1075. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the debt.

Present for the hearing was John Wood, Superintendent; Todd Camp, Assistant Superintendent; Lonnie Therber, Therber & Brock and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials began the process of addressing the unfunded liability in 2002 and 2003. When the legislature

extended the deadline to sell bonds, officials slowed down the process. A new plan was approved in March 2004. There has been no opposition to this issue. The current unfunded liability will be removed with this bond issue.

Motion: Ms. Henson made a motion to approve a pension bond issue in the amount of \$3,650,000. Mr. Bowen seconded the motion, which favorably carried 7-0.

Jay School Corporation, Jay County: Officials requested approval of a pension bond issue in the amount of \$10,300,000. The tax rate impact of the bond issue is \$0.11. The term of the bond is 20 years. The hearing information sheet states the Capital Projects fund will be reduced to offset the debt.

Present for the hearing was Barbara Downing, Superintendent; Brad DeRome, Business Manager; Robert Swhier, School Attorney and Karl Sturbaum, Bose McKinney & Evans.

Comments: The Superintendent spoke about the proposed pension bond issue. The request is for a \$10.3 million bond issue to implement a solution to a pension liability with a present value of \$23,346,593. Officials had approved an amount of \$3 million earlier, but the bonds were not sold as no new plan was in place. New legislation then increased the bonding capacity for pension bond issues. School officials elected not to pursue more than this request due to the reduction required in the Capital Projects fund. There have been numerous school board meetings held and a great deal of media coverage on this bond issue. The school board approved the bond issue in April 2004 with no negative comments from the community.

Ms. Johnson was surprised that officials were able to negotiate the liability down from over \$23 million to \$10.3 million. The Superintendent said they were up against the wall on this issue and they were able to negotiate it down.

Mr. Barnes asked about the status of a financial payback from several years ago. The Business Manager said they still owe the state \$700,000 of the original \$1.6 million debt. Officials expect further funds to be received from the estate when it settles and those funds will be used to pay the state back.

Mr. Nemeth asked if school officials expect the school corporation to be paid back. The Business Manager estimates they will receive \$0.50 per \$1.00 of the \$1.6 million.

Motion: Ms. Henson made a motion to approve a pension bond issue in the amount of \$10.3 million. Mr. Bronnert seconded the motion, which favorably carried 7-0.

Scott County School District #1, Scott County: Officials requested approval of a pension bond issue in the amount of \$1,900,000. The tax rate impact of the bond issue is \$0.11. The term of the bond is 20 years. The hearing information sheet states the Capital Projects, Transportation and/or Bus Replacement will be reduced to offset the debt.

Present for the hearing was Berley Goodin, Superintendent; Ken Kidd, Assistant Superintendent; Doug Cassman, Educational Services and Karl Sturbaum, Bose McKinney & Evans.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting \$1.9 million pension bond, but they need over \$3 million.

Ms. Johnson asked about the difference in the request and the amount needed. The Superintendent said they have a limited bonded capacity due to their low assessed value.

Mr. Bowen questioned the numbers reported as the offset on page 4 of the hearing information sheet not balancing. Ms. Henson asked school officials if they were adjusting for miscellaneous revenue and school officials replied yes.

Mr. Nemeth asked if negotiations were still in progress. The Superintendent said yes, but they understand this needs to be resolved.

Ms. Bond asked what the school board vote was at the May 17, 2004 meeting. The Superintendent said it was 5 to 0.

Motion: Ms. Johnson made a motion to approve a pension bond issue in the amount of \$1,900,000. Mr. Barnes seconded the motion, which favorably carried 7-0.

Adjournment: There was no further business to discuss and the meeting was adjourned.